

# MANUFACTURING EXTENSION PARTNERSHIP

## Success Stories from the Field

### Flo-Kem Inc

#### California Manufacturing Technology Consulting

#### Strategic Planning Helps Flo-Kem Increase Sales

##### Client Profile:

Flo-Kem, Inc., founded in 1969 in Rancho Dominguez, California, manufactures janitorial, industrial, cleaning, and specialty chemicals. The company sells its products to distributors located in the western United States and Hawaii, generating approximately \$9.5 million annually. Flo-Kem has 46 employees, the majority of whom are Hispanic.

##### Situation:

Flo-Kem had the desire, resources, and drive to become a world-class manufacturer. Senior managers wanted to raise the company's level of management professionalism, initiate strategic planning, increase manufacturing capabilities, establish capital equipment budgeting, and develop an updated costing system. Flo-Kem contacted California Manufacturing Technology Consulting (CMTC), a NIST MEP network affiliate, for assistance.

##### Solution:

With CMTC's guidance, Flo-Kem began developing its first three-year strategic plan. Working with CMTC, company managers developed a systematic, unifying set of goals for the future of the company with a set of well-defined implementation actions. The project started in March 2002 and was completed six months later, in September 2002. The project team clearly identified the need for sales planning, operational planning, costing system update, and identifying opportunities for manufacturing efficiency.

The resultant strategic plan provided Flo-Kem with direction for the actions necessary to improve the company's performance. Flo-Kem hired a sales manager and developed a 12-month sales plan for 2003 that included better management of the sales process, distribution channels, and inside and outside sales groups. CMTC performed an assessment to identify and eliminate non-value-added activities, which helped the company make significant inventory reductions. CMTC also recommended Flo-Kem hire a controller, who is now reviewing the system to determine actual product costs. Flo-Kem also purchased a new label machine, which will improve quality at reduced cost. The sales plan Flo-Kem implemented provided a more diversified product line and new accounts. In less than a year, these changes helped Flo-Kem realize a half a million dollar sales increase.

##### Results:

[www.mep.nist.gov](http://www.mep.nist.gov)



NIST is an agency of the U.S. Commerce Department's Technology Administration

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Increased sales for 2003 by \$624,000.  
Reduced inventory by \$190,000.  
Created two new executive level jobs.  
Invested in capital equipment to improve product quality.  
Realized a 5:1 return-on-investment for this project.

**Testimonial:**

"California Manufacturing Technology Consulting quickly grasped our issues, and we achieved a \$600,000 sales increase."

Elaine Cooper, CEO